

PRESS RELEASE

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STATE'S HIGH-RISK HEALTH PLAN AVAILABLE TO "TRADE-DISPLACED" WORKERS

Federal tax credit can be applied to Cover Colorado plan effective immediately

(DENVER) - Coloradans who have lost their jobs due to the impact of foreign trade now have another way to obtain affordable health insurance coverage, the Colorado Department of Labor and Employment announced today.

A new federal program provides a tax credit covering 65 percent of the cost of health insurance for workers who have been displaced by foreign trade. The tax credit is also available to retirees whose pension plans have been taken over by the Pension Benefit Guaranty Corporation (PBGC).

Initially, the tax credit could not be used to obtain coverage in the state's high-risk health plan, called Cover-Colorado. However, today's decision changes that.

"By designating Cover-Colorado as an option, we are assuring that a significant number of Coloradans, who had no other way to use their tax credit, will now have access to comprehensive, affordable health insurance," said Jeff Wells, Executive Director of the Colorado Department of Labor and Employment.

Beginning immediately, eligible Coloradans will be able to use their federal tax credit to purchase coverage under the Cover-Colorado program. Cover-Colorado is a non-profit entity created by the state Legislature to provide comprehensive major medical insurance for residents who are unable to get coverage from private insurers because of a pre-existing medical condition.

Recipients can claim their tax credit in advance-to help pay health plan premiums as they come due-or in a lump sum when they file their federal tax returns. Because this federal tax credit is fully refundable, it may be claimed even if no federal income tax is owed.

Eligible individuals can automatically use their tax credit for three types of plans under federal rules: COBRA, which allows individuals who are displaced at firms with 20 or more workers to stay on their former employer's health plan for a period at no cost to the employer; coverage through a spouse's plan under limited conditions; and coverage through an individual policy under limited conditions.

The state has the authority to designate alternative options, such as Cover Colorado. In addition to Cover-Colorado, the state also authorized individuals who are displaced at firms with fewer than 20 employees to use their tax credit toward their former employer's health plan for a period of time.

"As a result of the state's action, almost 2,000 uninsured Colorado workers and retirees will have a place to use their federal tax credit and will be able to afford health insurance coverage for themselves and their families," said Lorez Meinhold, executive director, Colorado Consumer Health Initiative. "Because the credit is both refundable and advanceable, even low-income workers who pay little in the way of income taxes can immediately benefit from the tax credit."

The Colorado Department of Labor and Employment helps the federal government in identifying people who are eligible for the tax credit program. However, the federal government is responsible for administering the program. Candidates who are potentially eligible for the tax credit will receive a program kit from the federal government. More information about the federal tax credit can be obtained by visiting <http://www.irs.gov> (IRS keyword HCTC) or toll-free at 1-866-628-HCTC (1-866-628-4282).

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